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MARCH 13, 1967

SOVIET AGRICULTURE
AFTER KHRUSHCHEV

EEC IMPORTANT TO FUTURE
OF WORLD GRAIN TRADE

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# FOREIGN AGRICULTURE

## Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

# FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

MARCH 13, 1967

VOLUME V • NUMBER 11

Cows are housed in sheds and fed in feedlots at the Jangi-Pakhta State Farm, in Kirghiz SSR. Other Soviet pictures appear on the next three pages in the review of Soviet agriculture since Khrushchev.

## Contents


3 **Soviet Agriculture After Khrushchev—A Brief Survey**

7 **EEC Important to Future of World Grain Trade**

8 **Spain Acts To Reduce Wheat Supplies**

9 **U.S. Competitors Step Up Food Promotion in Japan**

10 **California Air Ships More Produce to Europe**

11-15 **World Crops and Markets**

**Cotton**
15 Sharp Rise in U.S. Cotton Exports

**Fats, Oilseeds, and Oils**
13 Suez Oilseed Shipments Rise
13 Nigeria's Peanut Production Declines
13 Tunisia Exports Less Olive Oil

**Fruits, Vegetables, and Nuts**
12 Mozambique Has Record Cashew Crop
12 Iranian Date Exports Higher
12 Dried Apricot Packs Short in Iran, Spain

**General**
15 Japan Prohibiting Some Color Additives

**Grains, Feeds, Pulses, and Seeds**
11 South Africa Anticipates Bumper Corn Crop
11 Soviet Grain Exports to Eastern Europe
11 German Fodder Crops Estimated at Record
11 Mainland China Among Syrian Wheat Suppliers
11 Australia Has Another Record Rice Crop

**Livestock and Meat Products**
14 U.S. Mohair Exports Climb 25 Percent
14 U.S. Tallow and Grease Exports Down

**Sugar and Tropical Products**
15 Record Tea Crop in Africa

**Tobacco**
15 Canadian Flue-Cured Sales
15 Decline in Dutch Tobacco Sales

16 **Highlights of the Agriculture and Trade of India**



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*Two-stage harvesting of winter wheat on collective farm in the Ukraine.*

# Soviet Agriculture After Khrushchev—A Brief Survey

By G. STANLEY BROWN
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Soviet leaders Leonid Brezhnev and Alexei Kosygin, on their accession to power in the fall of 1964, were confronted with an agricultural problem their predecessor had faced on a similar occasion some 12 years earlier: underproduction in the face of rising demand for the products of Soviet agriculture. This expanding demand derived from the increasing urbanization of a growing population, higher consumer incomes, and the regime's continuum of unfulfilled promises for a "better life."

Many of the deficiencies in Khrushchev's formulation and execution of agricultural policy bared by his successors were much the same as the charges he leveled against Stalin a decade earlier—despotism, a disregard of reality, excessive pressure on the private sector, and neglect of incentives. But most telling was Brezhnev's indictment that "grandiose objectives for agriculture were established without providing the necessary economic resources." This charge related specifically to the last half of Khrushchev's reign. In essence, the bill against Khrushchev was that he had gone too far in meddling in technical agricultural matters, and not far enough in providing inputs and incentives to agricultural producers.

The charges were not without basis, especially when viewed in the context of the ill-conceived and ill-fated agricultural goals of Khrushchev's Seven Year Plan. Gross agricultural output in 1965, although planned to increase 70 percent over the exceptionally favorable output in 1958, was only a scant 15 percent greater. Net output increased even less, while the population increased by 11 percent; per capita production—and consumption—of agricultural commodities in 1965 was lower than it was in 1958.

*This article was prepared by Mr. Brown for delivery before a meeting last November of the Southern Economic Association, in Atlanta.*

## Grain crops fail

The legacy of Khrushchev's stewardship of Soviet agriculture was embarrassingly projected onto the world scene by the disastrous grain crop failure of 1963. The Soviet Union's traditional role of a major grain exporter was abruptly reversed and that country was forced to turn to the West for 11-12 million metric tons of wheat in 1963-64. In the wake of another poor crop in 1965, Brezhnev announced that "measures had been taken to assure the bread supply." These "measures"—never officially admitted to the Soviet populace—pushed total wheat imports to more than 20 million metric tons during 1963-64 and 1965-66. These blows to the Kremlin psyche were only the most obvious external manifestation of the results of Khrushchev's agrarian policy.

In their efforts to overcome the serious difficulties facing agriculture and to rectify the mistakes attributed to Khrushchev—especially since 1958—Brezhnev and Kosygin have moved on many fronts. Their program includes changes in the role of party and government in agriculture, government procurement policy, farm prices and incentives, agricultural investment, and production inputs.

It is worth noting that Brezhnev and Kosygin have brought out their program rather slowly and deliberately. Their expressed concern has been essentially related to the means of achieving production goals in contrast to Khrushchev's pronouncements of astronomical output goals, with little concern as to how these might be achieved—outside of exhortation. This is a far cry from Khrushchev's boast that "We will catch up with the United States in the nearest future" and his disparagement of his economists who correctly advised him that it would take at least 15 years to achieve the livestock production goals he desired in 3.

### Party and government changes

One of the first of Khrushchev's innovations to be abandoned was the agricultural-industrial split in local party and government apparatus. This "reform," which Khrushchev introduced in 1962, projected local officials directly into operational and managerial functions in agriculture and industry, diverting them from their primary political duties. The new administration reunited these local organs to restore party discipline and control at the operating level, and to free them from the onerous burden of technical-managerial responsibilities.

The next development in the field of agricultural management was the restitution of the Ministry of Agriculture to its former pivotal role. In 1960 Khrushchev stripped this heretofore powerful ministry of its administrative functions, reducing it to research and extension activities. Indicative of the Ministry's prestige under the new leadership was the reappointment of V. V. Matskevich as Minister—a post he held during the Ministry's "big" period of 1955-60 before Khrushchev banished him to the Virgin Lands. Economic research has been revitalized, and for the first time the Ministry has a formal "Extension Service" patterned after the U.S. model and headed by a noted agricultural economist, A. Tulupnikov, sacked by Khrushchev.

Although certain key functions—planning, procurement, and agricultural supply—remain outside the Ministry, the reorganization strengthens centralized control over state and collective farms.

### Fewer restrictions on private plots

The new regime borrowed a page from Khrushchev, and even Stalin, in their next move in the agricultural sphere—their first relating directly to agricultural production. This was the lifting of "excessive" limitations on private plots and privately owned livestock. Although the private sector has been, and remains, an anathema to Communist ideology, to be dispensed with "when" socialized agriculture becomes capable of fulfilling the nation's agricultural wants, it has waned and flowered depending on the food and/or political situation.

The Brezhnev-Kosygin team, much the same as the short-lived Malenkov-Khrushchev duo in 1953, proclaimed a liberalization of official attitude toward the private plots. Restrictions imposed by Khrushchev on the private sector since 1956 were lifted, and special taxes on urban livestock owners were abrogated. On the positive side, loans were extended to encourage individuals to purchase breeding stock, and approximately 1 million tons of feed concentrates from state stocks were made available to private owners of livestock.

The private sector accounts for one-third of gross agricultural output, including almost half of livestock production. Thus, the need to stimulate output by private producers is evident, especially in view of the continuing depressed state of animal husbandry. The liberalization—intended to curry peasant support for the new regime—does not portend decollectivization of Soviet agriculture. Brezhnev and Matskevich have made it clear that the liberalization is not boundless and that the private sector will not be permitted to encroach on the collective.

### Procurement goals more realistic

Another innovation was the regime's decision to set annual quotas of agricultural products to be sold to the state at more realistic levels, and to maintain these targets for each of the years 1965-1970. The illusory nature of past agricultural procurement goals was illustrated by Brezhnev's admission that during the preceding 10 years, grain procurement goals were fulfilled only three times: in 1956, 1958, and 1964—all extremely good crop years. Brezhnev also noted that in many years procurements were effected only by squeezing the farms.

Procurement goals for grain and other crops were stabilized for each of the years 1965-1970, with quotas assigned down to the farm level. The annual grain target of 55.7 million tons is substantially below the original 1965 goal of 65 million tons, and far below Khrushchev's unrealistic goal for 1970 of 90 million tons. In view of the poor harvest in 1965, the target was lowered to 53 million tons compared with 68.3 million procured in 1964, and average procurements of 49.4 million tons during the preceding years of the Seven Year Plan.

Fixed delivery goals should permit farm managers to plan rotation patterns and land use several years in advance. Assuming increases in production, farms will be able to retain more of their grain for on-farm uses.

Brezhnev conceded the relatively modest level of the new grain procurement goal would not be adequate to cover the needs of the state. Contrary to speculation in the Western press, however, Brezhnev did not imply that this deficit would be covered by imports. He explicitly stated that the state would rely on above-quota purchases to fill the gap. For such purchases a 50-percent bonus above the basic price was decreed. This bonus applies to all grains and some crops as well. The above-quota price

*Opposite page, 4-row cattle barn at the Kuban Collective Farm, Krasnodar Territory; and below, exterior of barns on a collective near Moscow. Right, the Bulayev elevator in the Kazakh SSR; trucks in foreground are delivering grain.*

for sunflowerseed was doubled, prices for premium grades of cotton were increased, and livestock producers were given a temporary price "increment" which varies regionally according to the "profitability" of the industry.

Procurement schedules for livestock products during 1965-70 were also announced, but unlike those for grains they are on an increasing scale. Although the quotas are rather steep, they are much lower than Khrushchev's goals for 1970; increases planned for some commodities are below the rates realized during 1960-64.

The fixed procurement plans, if maintained, should free Soviet farms from one of the most onerous features of the past procurement policy. Previously, farms which delivered above-plan quantities in one year found their obligations increased the following year. Even in a given year, plans were altered at the discretion of higher authorities. This disincentive to increasing output was further compounded by the fact that although procurement prices were supposed to fluctuate with the level of production—rising in poor years and declining in good years—they were not significantly increased after they were initially lowered in 1958.

### Higher prices for grain, livestock

One of the principal means relied on to boost output of grain and livestock products is a substantial increase in prices paid by the state for these commodities. Although procurement prices for grain and livestock products were raised several times during the Khrushchev era, they remained underpriced, not only in relation to cotton, sugarbeets, and other industrial crops but in relation to their production costs. Under the new program, wheat and rye prices are to be raised substantially—depending primarily on the geographic region—with the increase averaging 12 percent for wheat and 23 percent for rye sold by collective farms. Increases of similar magnitudes were decreed for other food grains.

Milk procurement prices were increased an average of 22 percent, while meat prices were increased 10 to 70 percent, and in some cases, 100 percent.

Soviet economists estimated that as a result of the price increases, state and collective farm income would increase 12 percent in 1965. Reportedly, collective farm payments to members rose 11 percent in 1965 while gross agricultural output increased only 1 percent.

Another measure taken by Brezhnev and Kosygin to increase real farm income was to abolish the price differential for consumer goods between urban and rural outlets—in effect lowering the level of retail prices in the countryside.

Although the new leadership emphasized the importance of incentives—especially for collective farm members—measures to improve the collective farmers' lot as residual claimants of collective farm income were not forthcoming until 1966. In May the Party Central Committee and Council of Ministers "advised" all collective farms to convert to a wage system comparable to that used on state farms. The significance of this advice is that collective farm members now have first—not last—call on gross income of the collective. Farms unable to meet their payrolls will be extended credits for as long as 5 years.

Although Khrushchev recognized the need for increasing the deliveries of machinery, fertilizer, and capital to agriculture, his concern was not consistent. In conjunction with his Virgin Lands campaign (1954-57) the supply of these inputs increased sharply. After the heat of this campaign abated, however, allocations stagnated and in many crucial categories—machinery and state capital investment in agriculture are cases in point—they actually declined. This situation was allowed to continue until 1962, long after the serious consequences became evident. Khrushchev has to be credited, however, with initiating the fertilizer program and with the resumption of increased investment in agriculture and deliveries of some additional types of machinery.

MAJOR INPUTS IN SOVIET AGRICULTURE IN 5-YEAR PERIOD

| Item | Actual | | Planned |
|---|---|---|---|
| | 1956-60 | 1961-65 | 1966-70 |
| | *Bil. rubles* | *Bil. rubles* | *Bil. rubles* |
| Total capital investment | 25.2 | 41.0 | 71.0 |
| Annual average deliveries of machinery: | *Thousands* | *Thousands* | *Thousands* |
| Tractors | 149.5 | 210.6 | 356.0 |
| Trucks | 96.8 | 72.2 | 220.0 |
| Grain combines | 65.0 | 76.9 | 110.0 |
| | *Mil. tons* [1] | *Mil. tons* [1] | *Mil. tons* [1] |
| Fertilizer delivered by end of period | 11.4 | 27.5 | 55.0 |

[1] Gross weight.

Brezhnev and Kosygin have simply gone beyond Khrushchev on the capital investment and machinery deliveries fronts, but they have actually scaled down his fertilizer program.

The impact of the planned increase in capital investment is somewhat more difficult to evaluate than might appear, owing to conflicting statements by Soviet officials and the vagaries of Soviet investment data. These conflicting statements do not alter the significance of the major increase in capital investment which is planned; they simply obscure the extent of the government's contribution. The confusion lies, it should be noted, on the side of the government's contributing more and collective farms less than was initially implied.

The most striking increase in planned machinery deliveries is in trucks. Allocations of trucks to agriculture dropped sharply after the initial push in the Virgin Lands, aggravating the always vexing problem of moving produce from farm to market. In general, the planned deliveries of machinery by 1970 imply a machinery park in the Soviet Union once considered by Khrushchev as adequate to carry out farm operations during peak periods. According to recent Soviet computations, this park would only approximate that deemed necessary in 1965.

The reduced fertilizer delivery goal, from about 70 million to 55 million tons, can hardly be considered a retreat on the part of Brezhnev and Kosygin. It was highly unlikely that Khrushchev's goal could have been achieved. Despite the well-documented examples of gross inefficiencies in transport, storage, and use of fertilizers in the USSR, the availability of 55 million tons of fertilizer in 1970 would be a major factor in increasing production. Some 24 million tons are planned to be used on grains.

### Changes should show results

What will be the effect of these changes? What about the collective farm as an institution? What about the whole system of Soviet farm organization and management?

There are areas of disagreement among students of Soviet agriculture about the efficacy of the programs put forth by Brezhnev and Kosygin. Some hold that despite these changes little can be accomplished without fundamental reforms of the Soviet farm system. Others feel somewhat differently.

Brezhnev and Kosygin have made no mention of basic changes in the overall structure and organization of agriculture, nor in the system of agricultural management. Although Soviet authors have recently suggested changes ranging from share-cropping tenure agreements to a capitalistic market economy in agriculture, the party's position is quite unequivocal. For the present, the general organizational-managerial structure is to be retained, and the market mechanism is not being considered for agriculture as it is for some sectors of the economy.

Whatever the inadequacies of the Soviet agricultural system, there can be no question that where priority, incentives, and inputs have been provided the results have been reasonably good. Production successes in industrial crops—cotton, sunflowerseed, and sugarbeets—are specific examples. Furthermore, a given collective or state farm can be expected to achieve one level of output with limited quantities of machinery, fertilizer, and capital, and quite another level of output with larger quantities of these inputs.

This is not to say that some other system could not use these inputs more efficiently. This is undoubtedly true, but is quite a different question. The time will come, however, when more sophisticated management and organization techniques must be considered, and a more adequate and articulate system of incentives adopted before further improvements in output can take place.

During the next 5 to 10 years, however, it seems prudent to judge that the present programs of Brezhnev and Kosygin will show reasonably good results. The U.S. Department of Agriculture has projected a sizable increase in total output by 1970.

### The 1966 agricultural situation

Agricultural output in 1966 bears out the general conclusion that improved inputs, prices, and incentives will have a substantial impact on agricultural output. This conclusion is reached after full consideration is given to the influence of favorable weather, always a dominant factor in Soviet agricultural production.

A new record has been established for grain and especially wheat production. This was due, in large part, to the heavy emphasis on wheat production since 1964, which was evidenced by favoring winter wheat over other crops, significantly increasing the fertilization of wheat, and greatly increasing wheat prices.

Much of the deterioration in the livestock sector in 1963-64 has been overcome, despite the spread of foot-and-mouth disease a year ago. In 1964, 1965, and 1966 the Soviet Union produced exceptionally large crops of sugarbeets, cotton, and oilseeds and now stands in a comfortable stock position with respect to these commodities, as evidenced by the Soviet Union's activity on international markets.

The Soviet leaders have taken much of the credit for this year's good results and underplayed Nature's beneficence—a traditional posture in years of good weather. But credit must be given to the favorable impact of the programs initiated since 1964. The 1966 results were exceptional and cannot be expected every year—indeed they are not anticipated even in the new Five Year Plan. Annual fluctuations can be substantial, as the past few years have shown. Nevertheless, unless other factors are introduced which alter the present direction of the programs, the course of output over the remainder of this decade should be up, in sharp contrast to the first half of the decade.

# EEC Important to Future of World Grain Trade

World grain and soybean trade has expanded rapidly in recent years, even though many governments still restrain imports and protect income levels of their farmers. But whether this upward trend in trade is to continue depends in part on the effects of harmonizing grain prices this July 1 in the European Economic Community.

### Trade barriers long prevalent

World trade in grains has long been complicated by a variety of import restrictions, including tariffs, variable levies, skimmings, deficiency payments, mixing regulations, quota licensing, and state trading. Primary objective of these restrictions is to protect farm income by assuring consumption of locally produced farm products at selected price levels, usually well above world prices.

Immediately after World War II, balance-of-payments and strategic objectives ranked high as justifications for such restrictions. In many cases, negotiated concessions, like grain tariff reductions and bindings of tariffs, were impaired by import licensing procedures, skimmings on import deficiency payments, and mixing regulations.

This is the second of two articles based on an address by Lyle P. Schertz, Deputy Administrator of IADS, at the ninth Agricultural Industries Forum Grain Marketing Program, the University of Illinois.

But, domestic incomes and price relations adjusted to the protection given by trade barriers. In turn, the trade restrictions remained, even though balance-of-payments considerations became less and less valid.

By contrast, oilseeds and products—cosharers in the expanding mixed-feed market—have been subjected to simpler and less severe barriers than those applied to grains. The EEC allows duty-free entry of soybeans and soybean meal and assesses a duty of 10 and 15 percent, respectively, on imports of crude and refined soybean oil.

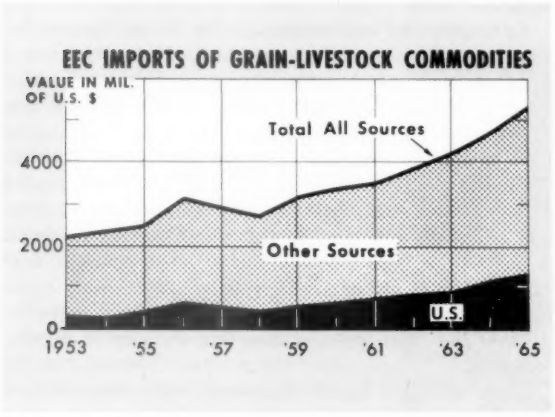
Japan and the United Kingdom impose duties on oilseeds and oilseeds products that usually range from 5 to 15 percent.

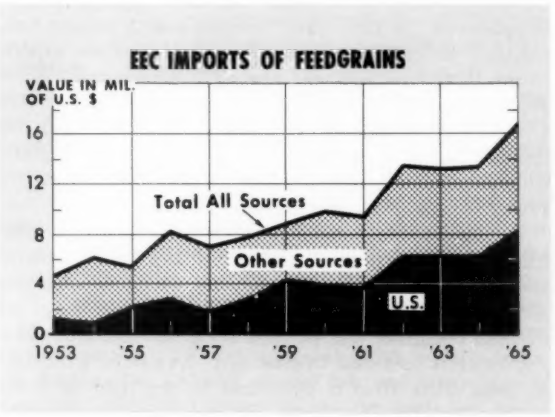
### EEC of special concern

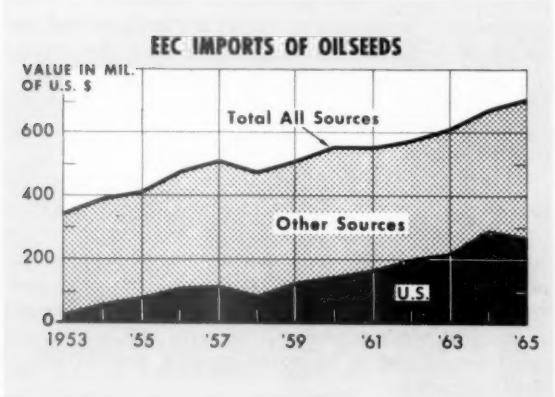
Because of the importance of the EEC as a market for U.S. grain, changes in EEC policies have been of particular concern to the United States.

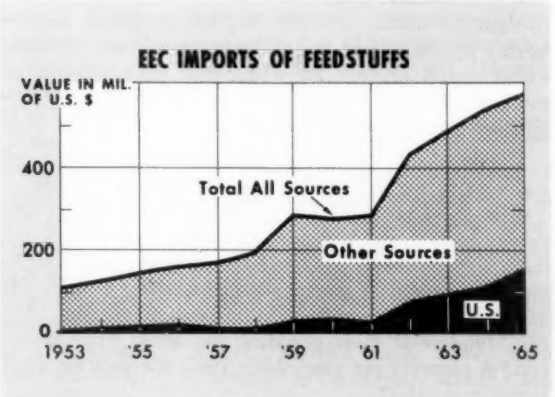
Decisions made last summer by the EEC Council of Ministers extend coverage of the CAP to about 90 percent of Community farm production. Forming the basic price-support mechanism for this system are minimum import prices, which for grain are high enough to raise the price of imported products to the Community level.

Subsidies, usually somewhat larger than the levy, fa-



cilitate exports and thus bridge the gap between Community and world prices on exports, as the levy does on imports.

Through the CAP, the EEC has closely integrated agricultural price support and trade policy. Consequently, there is an almost complete absence of flexibility to make adjustments in one area without directly affecting the other. This close relationship is one reason why the Community has found it difficult to make offers in the Kennedy Round of tariff negotiations that would result in significant trade liberalization.

**France, Italy especially important**

With harmonization of grain prices on July 1, 1967, EEC grain prices will be substantially above world levels. EEC feedgrain prices will be 40 percent above present world market levels, and wheat prices will be more than 70 percent above present world market levels. And accompanying levy assessments of over $500 million will be highly important to the financing of various EEC programs.

This harmonization of prices is requiring substantial adjustments in national policies. From the viewpoint of world trade, the large price increases for wheat and feedgrains in France and the jump in feedgrain prices in Italy are particularly relevant. Conditions for production increases appear most favorable in France. Possible restraining effects on growth in feedgrain consumption are especially feared in Italy, where full harmonization of prices would cause feed grain prices to rise by over one-third from recent levels.

Of special importance to U.S. feedgrain exports is the disposition of French grain surpluses. U.S. feedgrain shipments to the EEC have averaged over 5 million tons, reaching 10 million in 1965-66, and U.S. wheat exports to the EEC have averaged around 1 million tons. While France is generally expected to have a surplus of at least 8 million-10 million tons of grain by 1970, the other five members are likely to need over 15 million tons of grain, with most of their deficit in feedgrains. In contrast, the French surplus will be mostly in soft wheat.

At present, most excess French grain moves to non-EEC countries with the aid of export subsidies. An alternative to these subsidized exports is denaturing of wheat and selling it for consumption as feed in Germany, the Benelux countries, and perhaps Italy; but this alternative also involves subsidies. Interestingly, the comparative costs of these alternatives is influenced by the level of prices in world markets for wheat and feedgrains.

If Community wheat were to be denatured and sold internally, it would, of course, displace feedgrains, supplied largely by the United States. At the same time, it would vacate export markets for wheat—but these markets are not typically U.S. outlets.

**No great effect yet on U.S.**

Looking back, the United States has enjoyed expanding sales to the EEC market during the past decade.

A study of gross imports by EEC countries of 21 agricultural (grain and livestock) commodities indicates that these imports have continued to increase and that the United States has in general retained its share of this trade, despite introduction of the CAP. From 1953 through 1962, EEC imports of these products rose about $166 million (or 5-6 percent) per year. After 1962, the increase accelerated dramatically.

The situation for individual commodities varies. While trade in poultry and wheat flour has suffered seriously, feedgrain, feedstuff (mostly soybean meal), and oilseed imports have continued to rise, with the United States expanding its share of the total. Wheat imports have fluctuated around the 5-million-ton mark, and interest has been generated by changes in the proportion of EEC oilseed meal imports compared with imports of oilseeds.

Demand for feedgrains and oilmeals is expected to remain strong in the years ahead. A recent study of EEC oilseed requirements estimates that oilseed meal consumption in 1970 will be 8.2 million to 8.8 million metric tons, compared with the 1962-63 level of 5.2 million. Much of this is expected to be met by imports of U.S. soybeans and soybean meal.

But whether feedgrain imports will also rise depends on the EEC. It must be remembered that past increases in feedgrain exports came while EEC policies were only being introduced—not while price adjustments were actually being made.

## Spain Acts To Reduce Wheat Supplies

Spain's National Wheat Service has taken steps to reduce its wheat stocks, which in mid-season (December 15, 1966) totaled 2.0 million metric tons, 57 percent more than a year earlier. Of these stocks, 1.8 million tons were from the 4.8-million-ton harvest of 1966.

While the Wheat Service has predicted May 31 ending stocks of 1.7 million tons, there is belief in the trade that the carryover may be as much as 2.2 million tons—which is 500,000 tons higher than a year earlier.

To reduce the excess supply, the Wheat Service has since last fall denatured 350,000 tons of wheat for use as livestock feed, which is in strong demand. Also, Spain recently entered the export market to sell 100,000 tons of wheat to Portugal—an amount that may be increased later. Spain has been a net importer of wheat since 1960.

Spanish flour millers are concerned over the buildup of large wheat stocks and by the fact that they are operating at one-third production capacity. This latter situation is due to the existence of a flour-milling capacity far in excess of domestic demand. In order to arrive at a partial solution the millers are seeking government reduction in taxes and other levies on flour exports, as well as other measures.

There are plans in the offing for a reduction in Spain's area planted to wheat. The guidelines for the second Spanish Economic Development Plan (1968-1971), which were recently made public, specifically indicate that "the sowing of feedgrains shall be encouraged at the expense of a portion of the acreage currently diverted to wheat." The government hopes that this long-standing aim will materialize, in the desired proportion, some time after the 1968-69 season.

As a prelude to the Plan and at the request of the Spanish Government, the International Bank for Reconstruction and Development and the FAO completed in December 1965 a study on the development of Spanish agriculture. The related report, which was recently made available, recommends reassigning about 450,000 hectares of marginal wheat acreage. Of this area 150,000 hectares would be diverted to improved pastures and 300,000 to corn production.

# U.S. Competitors Step Up Food Promotions in Japan

*Growth in Japan's economy and per capita income has encouraged other countries to spend over $1 million on food promotion at trade fairs, stores, and hotels.*

Countries other than the United States spent well over $1 million to promote their food and agricultural products in Japan during the 1965-66 marketing year (July-June), with further investments evident for the future.

These exporters are going after the market with a common thread of enthusiasm over Japan's expanding economy and its gradual rise in consumer income expendable for food. Through government and quasi-governmental agencies, they are participating increasingly in the large public exhibitions which offer fast product visibility and a wide audience in a relatively short period of time. Biggest of these is the annual International Trade Fair held alternately in Tokyo and Osaka.

Moreover, many countries are looking at the luxury market, featuring the expensive specialty food products imported under restrictive quotas. Promotion of these items takes place in hotels, restaurants, and stores.

The number of personalities coming to Japan to assist in these events is another indication of the extra promotional funds being earmarked for this country. Beauty queens and noted chefs arrive via their respective national airlines, generating publicity for the food promotions, the countries sponsoring them, and the airlines.

Countries promoting their food and agricultural products with growing enthusiasm include Australia, New Zealand, Canada, West Germany, Denmark, France, Mainland China, Argentina, Mexico, the Netherlands, Sudan, Romania, and Malaysia.

### Austrialia—second largest supplier

Australia, Japan's largest supplier of food and agricultural products after the United States, spent nearly a quarter of a million dollars in the year ending June 30, 1966, on promotion of these items. This figure excludes expenditures on wool promotion by the Wool Secretariat.

Last March, this leading U.S. competitor opened the Australian Trade Commissioner's office in Osaka. At that time, an eight-member team of leading government and agricultural representatives spent a week in Japan discussing Australian trade opportunities with government officials.

Australia's wheat, meat, and dairy boards maintain offices in Japan and are engaged in heavy promotion. In May, a four-man goodwill mission from the Wheat Board visited Japan, Australia's second largest customer for wheat. The boards continue to place full-color advertisements in *The Asia Magazine*, a weekly formerly distributed by the English-language newspaper, *Japan Times*, and now sold independently.

At the 1966 Osaka International Trade Fair, 80 Australian firms exhibited food and agricultural products, including meats, dairy products — especially cheese — wines, and fruits. Thirty Australian representatives attended with their Japanese agents. Miss Australia of 1966 was there as a special "Ambassadress for Australian Products."

### More events in consumer centers

Like the United States and many other exporters to Japan, Australia is increasing its food promotions in consumer centers. In November 1965, the country sponsored a food show in Tokyo's Seibu Department Store, exhibiting dairy and marine products, mutton, wines, cheese, honey, soluble coffee, fruits, and frozen foods. Forty-two firms participated in "Jet-Fresh Foods from Australia," a show emphasizing the advantages of shipping by air, at the Tokyo Hilton last June. Later in the year, a promotion at the Isetan Department Store in Tokyo featured graphics on production of wool, wheat, and sugar. Spot sales of mutton and dairy products were heavy.

New Zealand invested an estimated $350,000 in promotional activities for food and agricultural items, excluding wool, during 1965-66. Japan's largest supplier of meat, this country put most of its money into pushing lamb. Over 200 dignitaries from both countries attended a special lamb promotion in Osaka last September. An April-October promotion in the Kansai (Osaka-Kobe-Kyoto) Area was termed highly successful. Up to 500 guests, including meat handlers and institutional representatives, attended some of the events.

Last March, the New Zealand Meat Producers Board sponsored an art contest in Japanese primary schools. The four winners received trips to New Zealand and Hawaii.

A month-long food festival late last year at the Kinokuniya Supermarket in Tokyo also featured lamb, as well as cheese, canned fruits and vegetables, and wines.

### Canada stresses wheat

Canada's efforts to further its trade with Japan include the visit last spring of a 134-member Canadian Trade and Goodwill Mission on a 3-week trip through East Asia. The Canadian Wheat Board, representing Japan's largest agricultural import from Canada, has enlarged its Tokyo offices and staff, an indication of expanded activity. Headed by the Board's assistant chief commissioner, three of its members spent a week in Japan exploring prospects for expansion of Canadian wheat sales. Canadian expenditures on promotion in July-June 1965-66 are estimated at over $100,000.

West Germany, promoting gourmet-type foods and beverages, held two solo food promotions in Japan during 1966. At Tokyo's Imperial Hotel in February, a month-long event spotlighted regional foods, pastries, and wines. Five German chefs arrived especially for the show. In May, a food fair at the Kinokuniya Supermarket featured wines, beer, sausage, bread, rusks (a crisp bread), sauerkraut, canned fish, and many types of German spirits. The foods and beverages were displayed before backdrops showing the scenic attractions of Germany and two of its wine producing regions, the Rhine and Moselle valleys.

Germany also had a small food exhibit at the Osaka fair.

Denmark, which once restricted its promotions in Japan primarly to poultry, is now expanding into other product lines. Expenditures for 1965-66 totaled an estimated $30,000.

At a "food fortnight" at Tokyo's New Otani Hotel in May, beef, pork, cheese, pastries, and wine were among foods on display. Master Chef Fritz Rundqvist of a noted Danish res-

taurant prepared delicacies for the hotel's dining rooms.

Poultry was featured in December at chicken festivals in a number of Tokyo and Yokohama department stores. Sponsored by the Danish Embassy and the Denmark Poultry Export Union, these were backed up with newspaper and trade paper advertising and meetings with Japan's poultry import trade. As a result of these trade discussions, the Danish industry will try to reduce the size of birds to meet Japanese consumer preferences.

France opened a trade center in Tokyo last April, just down the street from the U.S. Trade Center. In November, the center held its first food promotion, a 10-day drive by 57 firms to sell cheese, wines, cognacs, and biscuits and other confections. Although attendance at the highly publicized event was heavy, most French food products that could be sold in Japan are under quota, and future prospects are not promising. In a public statement, the chairman of the French International Exhibition Committee said the center will be used tensively to promote industrial goods.

### Mainland China's foods popular

Mainland China was actively promoting foodstuffs in the Japanese market last year. At the China Economic and Trade Fair in Nagoya in November, spot sales amounted to about $700,000. According to a U.S. Embassy statement, liquors and foodstuffs—among them canned and dried fruits and vegetables, chestnuts, preserves, and honey—were big sellers. More than 2 million people attended the admission-free event. At an earlier and somewhat smaller exhibit, retail sales amounted to about $450,000.

Spurred by these two successes, Mainland China held a retail promotion at the Sogo Department Store in Osaka in December and January. One store official commented that Chinese foods have a bright future in Japan and that he would like to continue promoting them. Many Mainland Chinese foods now command prominent shelf space in Japanese food shops.

Argentina's interest in the Japanese market has so far been confined to visits by business and government officials, but indications are the Argentines will begin promotional activities soon.

A team of 22 businessmen headed by Argentina's Foreign Minister spent 6 days in Japan last March discussing trade prospects with Japanese Government officials. One member of the team, president of the Chamber of Argentine Exporters, stated that Argentina could sell Japan 500,000 tons of meat annually.

Argentina's Secretary of State for Agriculture and Livestock also went to Japan last year. In September, Japan's Foreign Minister visited Buenos Aires and reported to the press that Japanese consumers would be eating more Argentine mutton in 1967.

Mexican Embassy in Japan sponsored a month-long food promotion last June. Industry representatives from Mexico were on hand for the occasion, which featured food specialties, cultural attractions, and entertainment.

The Netherlands also promoted its foods in Tokyo in 1965-66. Under an agreement between the Netherlands Council for Trade Promotion and the Japan External Trade Organization (JETRO) — the first such agreement for JETRO—the two countries will exchange food exhibits and participate in each other's trade fairs. The two organizations will also assist in visits by industrial and market inspection teams.

Sudan's efforts have been limited to cotton, which accounts for 80 percent of Japan's imports from this country. At the Osaka International Trade Fair, the Sudan Cotton Publicity Committee exhibited samples of raw cotton, fabrics, and garments.

Romania displayed its food products for export at the Tokyo International Home Show last June. Highlighting the display were fruit jams and preserves.

Malaysia's food promotion at the Osaka fair, especially its pineapple booth, attracted wide attention. Although Japan buys most of its pineapples from Taiwan and Okinawa, the Malaysian product is rapidly gaining in popularity.

## California Air Ships More Produce to Europe

Air shipment of fresh produce from California direct to Europe last year was just slightly above the 1965 level, with reduced strawberry exports more than offset by greater sales of other commodities.

Net weight of all produce shipped totaled 850,150 pounds, up about 10,000 pounds from 1965. Of this, 592,000 pounds were strawberries, the top produce item flown out of California.

The tally for strawberries represents a decline of 135,800 pounds from 1965 shipments. Meanwhile, exports of other produce — chiefly asparagus, grapes, lettuce, and parsley—were almost 141,000 pounds higher than shipments abroad in 1965.

One factor in the shift from strawberries to other items was the reduced air freight rates that went into effect early last year for all produce except strawberries. From California to Europe, minimum rates are now about 33 cents per pound for strawberries and 26 cents for other items.

Chief item to show a considerable rise in sales since the new rates became effective was asparagus. Last year, shipments from California reached 91,500 pounds, net weight, compared with 47,000 pounds in 1965. Poundage for parsley was 53,450; grapes, 48,650; and lettuce, 33,300. From there, it moved all the way down to 7,500 for raspberries and 6,700 for celery. Other items shipped in lesser volume include tomatoes, peaches, nectarines, and miscellaneous Oriental vegetables.

About 50 percent of all produce shipped directly from California to Europe went to Frankfurt, 20 to Stockholm, and 19 to London.

Additional information on foreign and domestic shipments is contained in the report, *Air Shipments of California Fruits and Vegetables, 1966.* For copies, write: Federal-State Market News Service, 727 U.S. Appraisers Building, 630 Sansome Street, San Francisco, Calif., 94111.

## Market Development Booklet

"Aggressive market development has been one of the potent agents in building U.S. agricultural exports to record levels," according to a new FAS publication, *Building Export Markets for U.S. Farm Products.* The booklet covers the entire scope of the U.S. market development program and gives a commodity-by-commodity picture of growth in commercial exports over the past 10 years. For copies write: Foreign Agricultural Service, U.S. Department of Agriculture, Room 5918, Washington, D.C.

## South Africa Anticipates Bumper Corn Crop

Prior to the release of South Africa's first official corn estimate, Mr. J. S. Labuschagne, vice chairman of the Maize Industry Control Board, said at the opening of the permanent exhibition of the corn industry in Pretoria that this crop (to be harvested in April-May 1967) is expected to yield 1.2 million metric tons more than in the previous record year of 1963-64, when 6.1 million tons were harvested.

Mr. Labuschagne also said that South Africa has entered the corn export market for the first time since 1965. Shipments totaling approximately 50,000 tons of old-crop corn were said to have already left the country for overseas markets. These exports were necessary to clear storage space for the new crop. It was expected that 2.7 million tons would be available for export during the coming year.

The South Africans have an enormous task in handling, storing, and transporting a crop of the size predicted, and the rate at which the surplus can be exported will be primarily limited by the capacity of the coastal elevators.

An abundance of moisture is largely responsible for the large production anticipated. However, if there is a continuation of the overcast skies and unseasonable rain of recent days, the crop might not reach present estimates. Two or three weeks of sunshine and warm weather would still be needed for the crop to mature properly.

## Soviet Grain Exports to Eastern Europe

Based on purchase agreements to date, Soviet grain exports to Poland, East Germany, and Czechoslovakia in 1967 will total about 3.5 million metric tons, of which about 2.8 million will be wheat.

In late 1966, Poland and East Germany each contracted for 1.0 million tons of wheat, and East Germany contracted for 200,000 tons of other grains. Then, in January 1967, official Czech sources announced the purchase of 1.3 million tons of grain from the Soviet Union, the same amount as purchased in 1966; two-thirds of the total is wheat.

## West German Fodder Crops Estimated at Record

Final estimates for West Germany's 1966 hay crops (clover, alfalfa, permanent meadows, and rotation meadows) indicate a record production of 28.7 million metric tons, hay equivalent. This is about 5 percent above the 1965 level.

About 73 percent of production from the 4.2-million hectares planted to hay was harvested as hay, and the remainder was fed green or made into ensilage. Most of the hay was in very good condition as a result of fair weather in the harvest period of an otherwise wet year.

Ideal weather conditions also prevailed throughout most of the vegetation period for feed root crops. Total production of mangels, rutabagas, and feed carrots amounted to 22.1 million metric tons, 16 percent more than in 1965. Yields per area unit were at record levels, but production was only average because of decreases in plantings.

Production of potatoes, which are used extensively for livestock feeding, totaled about 18.8 million metric tons, 4 percent above the 1965 level.

The abundance of hay and the good supply of beets and other fodder crops so far have had no adverse effect on production and use of mixed feeds. Total commercial mixed feed production during July-November 1966 was about 2.9 million metric tons compared with 2.7 million during the same period of 1965.

WEST GERMAN PRODUCTION OF MAJOR FEED CROPS

| Crop | Area | | Production | |
|---|---|---|---|---|
| | 1965 | 1966 | 1965 | 1966 |
| | *1,000 hectares* | *1,000 hectares* | *,000 metric tons* | *1,000 metric tons* |
| Hay crops: [1] | | | | |
| Clover | 365.7 | 381.0 | 2,610.0 | 2,897.0 |
| Alfalfa | 150.9 | 141.7 | 1,220.3 | 1,147.7 |
| Permanent meadows | 3,537.4 | 3,525.9 | 22,428.5 | 23,411.4 |
| Rotation meadows | 169.4 | 180.1 | 1,117.8 | 1,238.4 |
| Total hay | 4,223.4 | 4,228.8 | 27,376.6 | 28,694.5 |
| Potatoes | 783.0 | 732.1 | 18,094.6 | 18,839.4 |
| Feed roots: | | | | |
| Mangels | 360.7 | 343.2 | 16,770.2 | 19,429.0 |
| Rutabagas | 51.0 | 49.8 | 2,249.5 | 2,587.5 |
| Feed carrots | 1.6 | 1.6 | 46.0 | 53.5 |
| Total feed roots | 413.2 | 394.6 | 19,065.7 | 22,069.9 |

[1] Hay equivalent.
Federal Office of Statistics.

## Mainland China Among Syrian Wheat Suppliers

Mainland China was one of the nations that supplied wheat to Syria after that country's disastrously low wheat harvest of 1966, according to a reliable source.

Reportedly, Mainland China sold 20,000 metric tons of Australian wheat to Syria at the high price of $75 per ton. It is not known whether the wheat will be paid for in cash or bartered for Syrian cotton, as was the case with rice imported from China. A barter transaction is considered the more likely, since the Chinese are said to have refused to pay for Syrian cotton with convertible sterling, as in previous years.

Altogether, Syria imported 331,500 tons of wheat and flour between July 1, 1966, and January 30, 1967. Sources of wheat other than Mainland China were the United States, 115,000 tons; Bulgaria, 80,000; Romania, 32,500; and France, 15,000. Italy and Greece supplied 46,000 and 23,000 tons, respectively, of flour.

Despite heavy imports in the past 7 months, Syrian wheat stocks are reported to be still below normal.

## Austrialia Has Another Record Rice Crop

The sixth record rice crop in as many years is now in prospect for Australia. Plantings in New South Wales—producer of all but about 2,000 tons of Australia's rice—are estimated at 74,000 acres, or nearly 10,000 more than in 1965-66. With continued favorable weather, this acreage can be expected to yield 200,000 tons or more of paddy (April-May harvest) against 182,000 the year before.

New areas being opened up in the Coleambally Irriga-

tion Area and increased water allocations to growers in the established districts brought about this rapid expansion.

A three-man team from the Rice Growers' Cooperative Mills is currently visiting Southeast Asia to arrange export sales from this crop. Hong Kong and Okinawa will probably again be major markets, but other potential buyers will also be contacted.

The 1965-66 crop has all been sold, although shipping has not yet been completed. By the time the new crop becomes available in May, only negligible carryover stocks are expected to be on hand. Demand for Australian rice during the past season exceeded available supplies.

## Mozambique Has Record Cashew Crop

Mozambique's 1967 cashew crop (harvested in the latter part of 1966 and early 1967) is preliminarily estimated at a record 187,000 short tons of raw nuts. This would be approximately half of world commercial production for the year and larger than the 1955-59 average harvest for the entire world. The latest estimate for Mozambique's 1966 crop is 110,000 tons—nearly 10 percent below average and sharply below the three previous crops.

In spite of the record 1967 crop, Mozambique's exports of raw nuts (mostly to India) are not expected to be much larger than average. The newly developed mechanical shelling industry in Mozambique can handle an estimated 100,000 tons of raw nuts this year compared with about 30,000 tons in 1966. However, because of such difficulties as marketing this expanding output, actual 1967 requirements will probably be around 60,000 tons.

There will also be a considerable quantity of 1967 cashews absorbed into processors' inventories because of expansion of the industry. This increase in inventories, domestic consumption, and waste may require about 20,000 tons of raw nuts; about 107,000 tons of raw nuts would be available for export, mostly to India.

Although no export data are available past May 1966, Mozambique's exports of cashew kernels in 1966 are preliminarily estimated at about 6,000 short tons. The United States probably took over two-thirds of this total, as U.S. statistics show imports of 4,400 tons of cashew kernels from Mozambique. Mozambique's kernel exports in 1965 totaled 4,415 short tons, with 72 percent going to the United States.

MOZAMBIQUE'S CASHEW SUPPLY AND DISTRIBUTION
[Raw nut basis]

| Item | Average 1960-64 | Calendar year 1965 | 1966 [1] | 1967 [2] |
|---|---|---|---|---|
| | *1,000 short tons* | *1,000 short tons* | *1,000 short tons* | *1,000 short tons* |
| Production | 120.0 | 132.0 | 110.0 | 187.0 |
| Exports: | | | | |
| Raw | 102.4 | 108.8 | 77.0 | 107.0 |
| Shelled [3] | 10.6 | 19.9 | 30.0 | 60.0 |
| Domestic disappearance | 7.0 | 3.3 | 3.0 | 20.0 |
| Total distribution | 120.0 | 132.0 | 110.0 | 187.0 |

[1] Preliminary. [2] Forecast. [3] Kernels converted to raw-nut basis at 4.5:1 all years but 1964, when 4.75 was used.

## Iranian Date Exports Higher

The 1966 Iranian date pack is still estimated at 340,000 short tons against 315,000 in each of the previous 2 years.

Production in the Province of Khuzestan, where the export-quality dates are grown, was sharply higher—reportedly 135,000 tons compared with 75,000 in 1965 and 85,000 in 1964. The increase is attributed to the cyclical nature of the crop: a large crop usually follows a small one, and vice versa.

Iranian exporters are optimistic about 1966-67 trade and currently estimate the season's export total at 33,000 tons, nearly 4,000 tons higher than last season's. They believe exports to developed countries in Europe and North America and to Australia and New Zealand will amount to 24,000 to 26,000 tons, including over 11,000 tons to North America. The remainder would be shipped to Kuwait, India, Pakistan, East Africa, and the Trucial Coast sheikdoms. The United States is Iran's largest customer.

Quality is reported as just average in comparison with last season's good quality crop.

IRAN'S DATE SUPPLY AND DISTRIBUTION

| Item | 1964-65 | 1965-66 | 1966-67 [1] |
|---|---|---|---|
| | *Short tons* | *Short tons* | *Short tons* |
| Beginning stocks (Sept. 23) | 315,000 | 315,000 | 340,000 |
| Production | 34,000 | 22,000 | 21,000 |
| Total supply | 349,000 | 337,000 | 361,000 |
| Exports | 28,300 | 29,200 | 33,000 |
| Domestic disappearance | 298,700 | 286,800 | 296,000 |
| Ending stocks (Sept. 22) | 22,000 | 21,000 | 32,000 |
| Total distribution | 349,000 | 337,000 | 361,000 |

[1] Estimate.

## Dried Apricot Packs Short in Iran, Spain

The dried apricot packs of Iran and Spain were well below average last year, reflecting severe damage to the fresh crops from spring frosts.

The Iranian pack is now estimated at only 1,000 short tons, as compared with an average production (1960-64) of 9,200 tons. The shortfall in Iran—world's largest producer of dried apricots—has contributed to a sharp rise in world export prices. Iranian 1966-67 exports may amount to approximately 1,000 tons, compared with 6,600 in 1965-66 and 8,300 in 1964-65.

IRAN'S SUPPLY AND DISTRIBUTION OF DRIED APRICOTS

| Item | 1964-65 | 1965-66 | 1966-67 [1] |
|---|---|---|---|
| | *Short tons* | *Short tons* | *Short tons* |
| Beginning stocks (Sept. 23) | 1,400 | 200 | 1,000 |
| Production | 8,300 | 8,800 | 1,000 |
| Total supply | 9,700 | 9,000 | 2,000 |
| Exports | 8,300 | 6,600 | 1,000 |
| Domestic disappearance | 1,200 | 1,400 | 1,000 |
| Ending stocks (Sept. 22) | 200 | 1,000 | – |
| Total distribution | 9,700 | 9,000 | 2,000 |

[1] Estimate.

The 1966 pack of Spanish dried apricots is now estimated at only 1,700 short tons, down 1,100 tons from the 1965 volume and 500 from the 1960-64 average.

Spanish exports amounted to 2,600 tons in 1965-66 but

are only expected to attain 1,400 this season. Export prices are sharply higher this season. "Extra Choice" grade was being quoted in December at 35 cents per pound (in boxes of 11 kg.), f.o.b. Spanish ports, as against 26 cents a year earlier. Norway, Denmark, and Finland are the main buyers of Spanish dried apricots.

## Suez Oilseed Shipments Rise

Egyptian authorities report that northbound shipments of oil-bearing materials through the Suez Canal in October-December 1966 were nearly 13 percent larger than in the same period a year earlier. Practically all Canal traffic in oilseeds, oils and cakes and meals moving in this direction is destined for European markets and is of Asian or African origin.

Shipments of soybeans, copra, flaxseed, castorbeans and palm kernels were greater than in 1966, while declines occurred in peanuts, cottonseed and sesameseed. Although more than double exports of a year earlier, soybean shipments were much smaller than in the 1964 period, when 1.6 million bushels moved through the Canal.

NORTHBOUND SHIPMENTS OF OIL-BEARING MATERIALS THROUGH THE SUEZ CANAL

| Item | December | | Oct.-Dec. | |
|---|---|---|---|---|
| | 1965 | 1966 | 1965 | 1966 |
| | *Metric tons* | *Metric tons* | *Metric tons* | *Metric tons* |
| Soybeans [1] | 3,000 | 2,272 | 3,000 | 6,969 |
| Copra | 58,307 | 115,706 | 239,455 | 282,266 |
| Peanuts | 16,566 | 3,347 | 29,434 | 24,293 |
| Cottonseed | 5,473 | 6,691 | 18,804 | 12,583 |
| Flaxseed [2] | ..... | ..... | ..... | 1,110 |
| Castorbeans | 4,777 | 4,291 | 10,509 | 21,008 |
| Palm kernels | 1,897 | 1,915 | 7,207 | 8,336 |
| Sesame | 6,538 | 3,860 | 15,318 | 8,885 |
| Other | 4,006 | 3,909 | 15,995 | 17,935 |
| Total | 100,564 | 141,991 | 339,722 | 383,385 |

[1] Metric ton of soybeans equals 36.7 bu. [2] Metric ton of flaxseed equals 39.4 bu.

Suez Canal Authority, Cairo, Egypt.

NORTHBOUND SHIPMENTS OF SOYBEANS THROUGH THE SUEZ CANAL

| Month and quarter | Year beginning October 1 | | | | |
|---|---|---|---|---|---|
| | 1962 | 1963 | 1964 | 1965 | 1966 |
| | *1,000 bu.* | *1,000 bu.* | *1,000 bu.* | *1,000 bu.* | *1,000 bu.* |
| October | 11 | 0 | 1,443 | 0 | 86 |
| November | 0 | 19 | 160 | 0 | 86 |
| December | 2 | 0 | 0 | 110 | 83 |
| October-December | 12 | 19 | 1,604 | 110 | 256 |
| January-March | 1,328 | 1,484 | 2,826 | 1,963 | ..... |
| April-June | 573 | 706 | 1,376 | 1,026 | ..... |
| July-September | 1,584 | 4,106 | 1,562 | 1,588 | ..... |
| October-September | 3,498 | 6,315 | 7,368 | 4,687 | ..... |

Totals computed from unrounded numbers.
Suez Canal Authority, Egypt.

Shipments of vegetable oils were up from 141,000 metric tons during October-December 1965 to 152,000 in 1966. Nearly 80 percent of the 1966 total was palm and coconut oils. These two commodities accounted for only about 55 percent of the total for the same period in 1965.

Cumulative shipments of oilseed cakes and meals through December 1966 were 36,827 tons lower than in 1965, largely owing to lower shipments of peanut cake.

## Nigeria's Peanut Production Declines

Nigeria's 1966-67 commercial peanut production is estimated by the trade at about 750,000 long tons, shelled basis, compared with the record 1965-66 commercial crop of about 1.0 million tons. Weather throughout most of the growing season was reported as relatively favorable, but internal problems disrupted harvesting and marketing of the crop. In addition, the trade believes that early uncertainty about financial assistance to the Licensed Buying Agents reduced inducement to harvest peanuts as early as usual.

As of early February, the Nigerian press reported that peanut purchases for crushing and export since the beginning of the season had reached 488,433 long tons, against 499,711 in the comparable period last year.

The Nigerian Government has appointed a National Emergency Transport Commission to investigate the problem of moving Nigeria's agricultural products, mainly from the northern region to port. In addition, crushing plants in Northern Nigeria are having delivery difficulties, as most of the available motor lorries are now being used in the movement of peanuts to port.

It is generally believed by the trade that only about 200,000 tons of shelled peanuts will be crushed for oil this season compared with an estimated 287,000 last season. The decline is due mainly to dislocation of transport facilities as well as to frequent power failures in the crushing mills and lack of fuel.

Nigeria's exports of peanuts and peanut oil during January-September 1966 from the record 1965-66 crop were moderately above those of the previous year, but exports of peanut cake and meal rose by about two-thirds.

NIGERIAN EXPORTS OF PEANUTS AND PRODUCTS

| Commodity and destination | January-September | | | |
|---|---|---|---|---|
| | 1965 | | 1966 | |
| | Quantity | Value | Quantity | Value |
| | *1,000 long tons* | *Million dollars* | *1,000 long tons* | *Million dollars* |
| Peanuts, shelled: | | | | |
| France | 105 | 21 | 130 | 25 |
| United Kingdom | 61 | 9 | 33 | 7 |
| Italy | 60 | 12 | 89 | 18 |
| West Germany | 28 | 6 | 35 | 7 |
| Netherlands | 31 | 8 | 35 | 7 |
| Others | 145 | 26 | 135 | 28 |
| Total | 430 | 82 | 457 | 92 |
| Peanut oil: | | | | |
| United Kingdom | 38 | 12 | 63 | 17 |
| Others | 33 | 11 | 13 | 3 |
| Total | 71 | 23 | 76 | 20 |
| Peanut cake and meal: | | | | |
| United Kingdom | 920 | 9 | 1,810 | 9 |
| Others | 209 | | 46 | |
| Total | 1,129 | 11 | 1,856 | 9 |

Nigeria Trade Summary and Federal Office of Statistics, Lagos.

## Tunisia Exports Less Olive Oil

Exports of edible olive oil from Tunisia during November-January 1966-67 amounted to only 1,150 metric tons, against 6,976 and 17,752 tons in the same 3 months of 1965-66 and 1964-65 respectively. The sharp decline in movements from the world's traditionally second major

exporter of olive oil reflects the low 1966-67 outturn, estimated at only 25,000 tons compared with 52,000 in 1965-66 and 96,000 in 1964-65.

Tunisia's olive oil exports in the marketing year ended October 31, 1966, totaled 42,507 tons, or somewhat below the 53,804 tons exported in 1964-65. Major export market for Tunisian oilve oil is France.

## U.S. Mohair Exports Climb 25 Percent

Exports of mohair from the United States in 1966 totaled almost 11 million pounds—up 25 percent over a year earlier. These expanded shipments came in a year marked by lower prices, continuing a price trend that began in 1964 when both domestic and export demand for U.S. mohair was down considerably.

Exports to countries of the European Common Market were down 35 percent in 1966; however, exports to the United Kingdom—historically the world's largest buyer of mohair—were up 64 percent over 1965, totaling almost 7 million pounds. Japan imported over 1 million pounds, up 54 percent from the preceding year. Foreign buyers were attracted by the lower prices in 1966. Exports in 1967 should show a further increase. Production will be higher and prices should be attractive to overseas buyers.

U.S. EXPORTS OF MOHAIR [1]

| Destination | Average 1956-60 | Average 1961-65 | 1964 | 1965 | 1966 [2] |
|---|---|---|---|---|---|
| | *1,000 pounds* | *1,000 pounds* | *1,000 pounds* | *1,000 pounds* | *1,000 pounds* |
| Canada | 202 | 156 | 135 | 154 | 208 |
| Mexico | 40 | 218 | 336 | 393 | 378 |
| EEC: | | | | | |
| Belgium-Luxembourg | 1,044 | 1,174 | 430 | 1,452 | 661 |
| France | 81 | 42 | 54 | 35 | 95 |
| Germany, West | 74 | 187 | 9 | 574 | 198 |
| Italy | 243 | 572 | 30 | 167 | 280 |
| Netherlands | 2,682 | 1,154 | 250 | 367 | 440 |
| Total EEC | 4,124 | 3,129 | 773 | 2,595 | 1,674 |
| Spain | 3 | 45 | 13 | 188 | 212 |
| Switzerland | 104 | 262 | 146 | 185 | 133 |
| United Kingdom | 8,235 | 5,064 | 778 | 4,168 | 6,829 |
| Japan | 463 | 1,362 | 447 | 771 | 1,190 |
| Other | 251 | 50 | 29 | 54 | 43 |
| Total | 13,422 | 10,286 | 2,657 | 8,508 | 10,667 |

[1] Clean content. Includes other wool-like specialty hair.
[2] Preliminary.
Bureau of the Census.

## U.S. Tallow and Grease Exports Down

Exports of tallow and grease from the United States, which account for most of the tallow and grease entering world trade, were down 7 percent in 1966 from the preceding year. Exports of hog grease, which represent a sizable portion of U.S. exports of inedible tallow and greases, were off sharply, as U.S. hog production and slaughter were down. However, world demand for fats and oils continues to increase as living standards and incomes rise and new uses are found for the commodity.

Japan—the largest importer of U.S. tallow and grease—imported over 496 million pounds in 1966, or 7 percent more than in 1965. Total exports to Japan represented one-fourth of U.S. tallow and grease exports. Shipments to the EEC, at 436 million pounds, were off again, con-

U.S. EXPORTS OF INEDIBLE TALLOW AND GREASE [1]

| Destination | Average 1956-60 | 1964 | 1965 [2] | 1966 [2] |
|---|---|---|---|---|
| | *1,000 pounds* | *1,000 pounds* | *1,000 pounds* | *1,000 pounds* |
| North America: | | | | |
| Canada | 22,246 | 35,940 | 21,331 | 15,395 |
| El Salvador | 3,443 | 19,792 | 10,059 | 13,033 |
| Guatemala | 7,856 | 16,329 | 20,094 | 21,498 |
| Mexico | 34,830 | 2,823 | 4,468 | 6,028 |
| Cuba | 30,974 | ..... | ..... | ..... |
| Dominican Rep. | 4,626 | 11,023 | 7,829 | 12,542 |
| Other | 9,237 | 27,253 | 24,577 | 30,495 |
| Total | 113,212 | 113,160 | 88,358 | 98,991 |
| South America: | | | | |
| Argentina | 37 | 28,765 | 5,176 | 157 |
| Chile | 1,525 | 277 | 103 | 55 |
| Colombia | 19,575 | 30,738 | 21,703 | 19,312 |
| Ecuador | 11,191 | 29,133 | 20,761 | 36,678 |
| Peru | 8,888 | 53,089 | 30,200 | 31,279 |
| Venezuela | 7,082 | 30,035 | 15,446 | 18,910 |
| Other | 2,561 | 3,866 | 631 | 3,677 |
| Total | 50,859 | 175,903 | 94,020 | 110,068 |
| Europe: | | | | |
| ECC: | | | | |
| Belgium | 42,454 | 35,202 | 12,325 | 15,439 |
| France | 11,375 | 29,007 | 33,177 | 9,091 |
| Germany, W. | 86,332 | 104,795 | 70,668 | 77,205 |
| Italy | 269,575 | 180,117 | 115,286 | 149,916 |
| Netherlands | 227,664 | 263,041 | 206,812 | 184,104 |
| Total EEC | 637,400 | 612,162 | 438,268 | 435,755 |
| Greece | 6,375 | 8,795 | 6,989 | 445 |
| Ireland | 1,728 | 2,594 | 112 | 424 |
| Norway | 1,822 | 4,078 | 4,431 | 4,500 |
| Spain | 24,797 | 108,434 | 91,811 | 120,385 |
| Switzerland | 14,273 | 57,326 | 45,811 | 21,697 |
| United Kingdom | 17,165 | 63,247 | 81,824 | 61,608 |
| Poland | 42,925 | 121,967 | 94,964 | 37,093 |
| Yugoslavia | 23,616 | 12,989 | 34,901 | 1,874 |
| Other | 15,281 | 24,365 | 26,728 | 20,149 |
| Total Europe | 785,382 | 1,015,957 | 825,839 | 703,930 |
| USSR (Europe and Asia) | 5,029 | 121,690 | 185,503 | 82,472 |
| Africa: | | | | |
| Algeria | 198 | 15,468 | 24,314 | 23,955 |
| Morocco | 11,847 | 22,092 | 27,184 | 27,464 |
| UAR | 59,710 | 117,304 | 79,989 | 92,728 |
| Ghana | ..... | 29,231 | 16,280 | 14,259 |
| South Africa, Rep. of | 50,547 | 40,054 | 37,229 | 22,425 |
| Other | 4,812 | 20,705 | 16,352 | 13,619 |
| Total | 127,114 | 244,854 | 201,348 | 194,450 |
| Asia: | | | | |
| Iran | 13,724 | 31,019 | 27,969 | 32,508 |
| Turkey | 9,114 | 64,716 | 14,192 | 64,287 |
| China, Taiwan | 23,499 | 51,572 | 38,645 | 48,115 |
| India | 42 | 1,083 | 90,993 | 27,694 |
| Japan | 258,807 | 456,393 | 465,303 | 496,407 |
| Korea, South | 18,589 | 42,993 | 34,158 | 53,471 |
| Pakistan | 8,410 | 60,630 | 34,083 | 35,113 |
| Philippines | 14,846 | 19,882 | 13,898 | 11,691 |
| Other [3] | 7,848 | 8,250 | 9,305 | 12,787 |
| Total | 354,879 | 736,538 | 728,546 | 782,073 |
| Total world | 1,436,475 | 2,408,102 | 2,123,614 | 1,971,984 |

[1] Includes inedible tallow, animal greases, animal oils, and choice white grease. [2] Preliminary. [3] Includes shipments to Oceania.
Compiled from reports of the U.S. Department of Commerce.

tinuing a downward trend from the 1956-60 average of 637 million pounds. This was due largely to Western Europe's increasing livestock production of recent years as countries there attempted to meet domestic needs.

Exports to countries in South America increased 17 percent, with larger quantities going to Ecuador, Venezuela, and Peru. Shipments to Asia also increased in 1966, with the major increases going to Japan, Turkey, Taiwan, and South Korea. Only small quantities of tallow and grease moved under Public Law 480 in 1966.

## Sharp Rise in U.S. Cotton Exports

Exports of U.S. cotton in the first half (August-January) of the 1966-67 season amounted to 2,578,000 running bales, 48 percent above the 1,743,000 bales exported in the same months of 1965-66. Exports in January were 458,000 running bales, compared with 278,000 in January 1966. Exports in December were 607,000 running bales.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

| Destination | Year beginning August 1 | | | | |
|---|---|---|---|---|---|
| | Average | | | Aug.-Jan. | |
| | 1955-59 | 1964 | 1965 | 1965 | 1966 |
| | *1,000 bales* | *1,000 bales* | *1,000 bales* | *1,000 bales* | *1,000 bales* |
| Austria | 33 | 11 | 3 | 1 | 3 |
| Belgium-Lux | 160 | 80 | 43 | 32 | 37 |
| Denmark | 17 | 6 | 7 | 2 | 5 |
| Finland | 22 | 11 | 8 | 5 | 9 |
| France | 360 | 184 | 108 | 67 | 95 |
| Germany, West | 475 | 217 | 92 | 61 | 107 |
| Italy | 416 | 260 | 102 | 53 | 120 |
| Netherlands | 124 | 65 | 38 | 16 | 17 |
| Norway | 10 | 13 | 10 | 7 | 7 |
| Poland & Danzig | 85 | 66 | 42 | 18 | 54 |
| Portugal | 28 | 22 | 6 | 4 | (1) |
| Spain | 171 | 28 | 10 | 4 | (1) |
| Sweden | 75 | 58 | 59 | 44 | 44 |
| Switzerland | 64 | 66 | 35 | 28 | 51 |
| United Kingdom | 525 | 153 | 131 | 78 | 85 |
| Yugoslavia | 108 | 109 | 169 | 117 | 134 |
| Other Europe | 17 | 11 | 12 | 7 | 4 |
| Total Europe | 2,690 | 1,360 | 875 | 544 | 772 |
| Australia | 54 | 60 | 33 | 17 | 11 |
| Canada | 217 | 390 | 269 | 155 | 121 |
| Chile | 35 | 1 | 3 | 3 | 1 |
| Colombia | 33 | 1 | 57 | 56 | 1 |
| Congo (Kinshasa) | 0 | 29 | 25 | 20 | 8 |
| Cuba | 27 | 0 | 0 | 0 | 0 |
| Ethiopia | 4 | 4 | 20 | 10 | 4 |
| Hong Kong | 134 | 150 | 94 | 54 | 103 |
| India | 184 | 243 | 63 | 26 | 143 |
| Indonesia | 30 | 47 | (1) | 0 | 89 |
| Israel | 16 | 23 | 5 | 4 | 1 |
| Japan | 1,154 | 990 | 705 | 398 | 721 |
| Korea, Rep. of | 205 | 261 | 301 | 181 | 175 |
| Morocco | 10 | 12 | 12 | 6 | 10 |
| Pakistan | 14 | 9 | 6 | 5 | 3 |
| Philippines | 64 | 75 | 93 | 37 | 79 |
| South Africa | 26 | 43 | 27 | 19 | 20 |
| Taiwan (Formosa) | 153 | 203 | 178 | 97 | 201 |
| Thailand | 4 | 55 | 55 | 32 | 37 |
| Uruguay | 15 | 0 | (1) | 0 | 0 |
| Venezuela | 2 | 6 | 5 | 5 | 1 |
| Vietnam, South [2] | 2 | 63 | 73 | 45 | 32 |
| Other countries | 27 | 35 | 43 | 29 | 45 |
| Total | 5,100 | 4,060 | 2,942 | 1,743 | 2,578 |

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

## Canadian Flue-Cured Sales

The latest estimate of the Ontario Flue-Cured Tobacco Growers' Marketing Board places the 1966 flue-cured crop in Ontario, Canada, at 215 million pounds—up 9 million from the previous estimate. At 215 million pounds, the crop falls well within the goal of 210-230 million pounds aimed at when the average was fixed for 1966 plantings.

According to the revised estimate, about 70 percent of the crop had been sold by February 15. Sales through that date totaled 151 million pounds at an average of 73.2 Canadian cents per pound.

## Decline in Dutch Tobacco Sales

Cigarettes sales in the Netherlands last year totaled 14,201 million pieces, against 17,950 million in 1965, 14,073 million in 1964, and 16,297 million in 1963. Cigar sales dropped to 1,100 million pieces from 1,126 million, and cigarillos, to 401 million from 409 million. Sales of all other products, at 23.1 million pounds, were off 6.5 percent from 24.7 million in 1965.

The increase in excise duties levied on tobacco products on January 1, 1966, caused the decline. The average retail price of all cigarettes sold last year was equivalent to 37.7 U.S. cents per package of 20, compared with 31.8 U.S. cents during 1965. The average retail price of cigars rose to 6.7 U.S. cents each from 6.5 cents, and a 5-pack of cigarillos, from 12.2 to 13.0 cents.

## Record Tea Crop in Africa

Preliminary statistics place the 1966 African tea production at 177 million pounds, a 22-percent gain over the previous year's record harvest of 145 million pounds. Rapidly expanding tea plantings resulted in record crops for most all producing areas.

Individual specified country figures for 1966, expressed in million pounds (comparable 1965 data in parentheses), are as follows: Kenya 56.0 (43.7), Malawi 33.8 (28.6), Tanzania 14.9 (12.5), Uganda 24.7 (18.5), and Mozambique 30.0 (24.2).

## Japan Prohibiting Some Color Additives

The Japanese Government on January 15, 1967, put into force changes in its food regulations prohibiting the sale of foods containing the following coloring additives:

| Name: | *Color index number*[1] |
|---|---|
| Ponceau SX | 14700 |
| Oil Red XO | 12140 |
| Orange I | 14600 |
| Oil Orange SS | 12100 |
| Naphtol Yellow | 10316 |
| Oil Yellow AB | 11380 |
| Oil Yellow OB | 11390 |

[1] Numbered according to the *Color Index*, 2d Edition, Society of Dyers and Colorists and the American Association of Textile Chemists and Colorists (1965).

Colors whose use is currently permitted include: Amaranth Erythrosine, New Coccine, Eosine, Phloxine, Rose Bengal, Acid Red, Tartrazine, Sunset Yellow FCF, Guinea Green, Light Green SF Yellowish, Fast Green FCF, Brilliant Blue FCF, Indigo Carmine, Acid Violet 6B.

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# Highlights of the Agriculture and Trade of India

**Resources:**—Farmers utilize about 60 percent of the 1,059,342 square miles of land in India. Rich alluvial soils in the Ganga Valley and in other areas enable India to produce about 88 percent of the foodgrains needed by its 508 million people. Use of fertilizer is still scant, and yields are relatively low although India has the largest area under irrigation of any country in the world. In fiscal 1966 the national income was about $34.4 billion, or $70 per capita. India has rich deposits of iron ore, manganese, mica, and gems, and its numerous tropical plants and trees produce many useful products.

**Agriculture:**—Most farming in India is on a subsistence level, with the average family-owned farm totaling only about 5 acres. Rice, cotton, tobacco, spices, and grain sorghums are the major crops grown during the summer, while wheat, pulses, and vegetables are grown during the winter. The monsoon rains are highly variable, and crop failures due to lack of water occur in some parts of India each year. The lack of rain in Bihar and eastern areas of Uttar Pradesh brought the disastrously low rice harvest of 1966.

India is the world's largest producer of tea, peanuts, sesame, mangoes, lentils, and many spice crops. It has the largest area planted in rice, cotton, grain sorghums, and and cashew nuts of any country in the world, although low yields prevent its being the world leader in production of these crops. India imports about $75 million worth of fertilizers annually, which supply about half of the chemical plant nutrients distributed to farmers.

Farming in India is most intensive in the Ganga Plain and coastal areas, where rice predominates and where most of the 380 million acres of cropland is located. Cotton is grown mainly in western India. Tea is grown in the highlands of Assam, Bihar, and southern India. Tobacco is an expanding cash crop in Andhra Pradesh, and oilseeds are grown by most farmers in southern India. Cashew-nut orchards are a major source of income in Kerala.

**Food situation:**—Most of the food consumed in India is prepared from grains, pulses, and vegetables. In 1966 about 12.6 percent of the foodgrains distributed in India were imported compared with only 4 percent 5 years earlier. Sugar and potato consumption has more than doubled in the last decade.

Total agricultural imports increased from $624 million in 1963 to about $1 billion in 1966. Imports of grain rose from 7.7 million metric tons in 1965 to 10.2 million in 1966, with wheat alone accounting for about 7.8 million tons of the 1966 import compared with 4.1 million in 1963.

The United States, the UAR, the Sudan, and east Africa are the major sources of imported cotton. India is an important supplier of textiles to the United Kingdom and Commonwealth countries.

**Agricultural trade with U.S.:**—U.S. agricultural exports to India have doubled since 1961, when the value was $260 million. In 1966, the value reached $541 million, with about 95 percent of this under U.S. Government programs. U.S. exports of wheat and grain sorghums to India now exceed $450 million annually—triple the value in 1961. U.S. exports of cotton and rice to India in 1966 were down.

Cashew nuts, sugar, and tea combined usually account for about half of U.S. agricultural imports from India, which exceed $80 million annually.

Imported wheat now accounts for close to half India's wheat needs. In 1967 per capita consumption of foodgrains is not expected to approach the level of 419 pounds attained 2 years ago, before the extensive droughts.

**Foreign trade:**—Imports currently approach $3 billion annually, while exports range between $1.7 billion and $1.8 billion. Machinery, grains, iron and steel, chemicals, transport equipment, fertilizer, and cotton are the major imports. Jute manufactures, textiles, tea, iron ore, spices, oilcake, tobacco, and coffee are the leading exports. Exports of jute products have increased by more than 33 percent in the last 5 years, while shipments of iron ore have more than doubled.

**Factors affecting agricultural trade:**—Shipments under P.L. 480 account for about 95 percent of the U.S. agricultural exports to India.

Regulations allocating the scarce foreign exchange keep importers in India from buying many American products they need. The Food Corporation of India, a government trading agency, handles most of the grain imports, while the cotton and spice trade is handled by many private firms. No duties are levied on imports of foodgrains.

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